

CAUSES AFFECTING SECURITIES

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The depressing effect of strikes on the values of railway and industrial shares is readily apprehended.

Railway shares have been needlessly depreciated by reckless and inefficient management. In former days occurred the building of loop lines which practically led nowhere, carried no one, and produced nothing—the consequence of a mania for mere magnitude of area—and at the present date redundant trains are run in response to thoughtless competition, and needlessly luxurious travelling for a people which is losing the manliness and endurance of life. It appears from the latest returns that during the year 1906 the railway companies of the United Kingdom received in gross receipts (excluding steamboats) the sum of £49,883,000 under passenger traffic, and £58,394,000 in respect of goods, materials and live stock, or a total revenue of £108,277,000. The engineering expenses, strictly attributable to the conveyance of the traffic, amounted to £36,415,000, the traffic charges were £21,000,000, and the balance of cost consisted of miscellaneous items—the aggregate expenditure being £68,898,000. The working charge accordingly was upwards of 63½ per cent of the receipts. Wanton competition and defective administration are largely responsible for this wasteful ratio.

Bonds and shares generally may be suddenly depressed without any assignable cause, and inquiry should precede alarm. When an estate which contains a large quantity of a particular stock must be distributed in consequence of the owner's death the sale of so much property in the market—especially where several events of the kind concur—is often sufficient to induce a heavy and unexpected fall. The dullness of rational people is frequently inexplicable : a sale in block in the instances mentioned acts against the interests of the beneficiaries themselves, and a gradual sale is quite as feasible and less harmful in results.

Insurance companies are usually (except life offices) large holders of Stock

Exchange securities, and when an extensive conflagration occurs which demands a partial disposal for the immediate settlement of claims the act is registered in a temporary decline of values.

Expected legislation in a particular direction, especially if it